

**Testimony of Alan Peter to the
Subcommittee on General Farm Commodities and Risk Management
Lubbock, TX**

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My name is Alan Peter. When I completed this year's fall harvest, I also completed my career as a farmer. More than three years of drought, with little relief in sight, helped me come to a conclusion—my chosen career could not support my family at an acceptable level. After this, my final harvest, I began a new career at our local bank. I hope my comments from the perspective of the farmer as well as a main street businessman will give you some insight into many of the issues facing growers today.

Why did I leave farming? For me, it came down to high input costs. A declining water table and higher natural gas prices made it cost more and more to pump less water on fewer acres. In other words, the cost of farming went up and continues to go up and the net economic returns went down. When that happens with no prospect of a change in sight, it's time to get out. I have three sons, none of whom I have encouraged to stay on the farm.

I am completing my final term as President of the Kansas Corn Growers Association, and last year I served on the National Corn Growers Association Disaster Task Force. We pushed for and received a Disaster Assistance package from Congress last year that provided help to many farmers. Although my farm suffered as much as most from the drought last year, I received little disaster assistance. Following crop insurance guidelines, I continued to irrigate my crops, even though input costs were very high. I was successful in harvesting enough to make me ineligible for disaster assistance. However, my crop insurance payments did little to offset the amount of money I put into trying to irrigate my crops throughout that historically dry summer.

I think a grower would be better off if he could buy insurance for irrigated crops at a level that would work at his needed rate of return. Input costs are often simply too high in relationship to the insurance payments you get back. Crop insurance doesn't consider how much money an irrigated grower has to put into a crop. It only looks at the end result.

The farm programs and crop insurance programs the Federal government offers are vital to not only farmers, but for our rural communities whose economies are built around agriculture. Without farm programs, especially crop insurance, Main Street businesses in our rural communities would really be suffering. As a person involved in the banking business, I can say that if it wasn't for crop insurance, many more farmers in my area would be forced to make the decision to quit farming. Insurance has really helped growers in my area this year. But in ironic contrast, in a neighboring county where growers were able to harvest a little, those people are actually in worse shape financially.

But even with crop insurance, our local businesses are suffering. When times get tough, producers tighten the belt as much as possible. They're not buying parts to repair their equipment, and because it's so dry they're certainly not buying new equipment. They're also not buying new vehicles, new clothes and they're not eating out or going to as many movies either. Whether you're a merchant who sells tractor parts or toys, you're being hurt by the farm economy.

A proposed program that is aimed at helping farmers and conserving water in the aquifer is Senator Sam Brownback's Irrigation Retirement program. I have mixed feelings about the program.

From a grower's viewpoint, farmers with the small wells in my area could benefit because they could recoup some of their investments and help their bottom lines by entering into a program that would pay them to retire irrigation on farmland.

From a Main Street viewpoint, taking irrigation out of a community will definitely hurt local businesses. There is a lot of money spent in communities that have business built around irrigated farming. They say that every dollar spent turns over seven times in a community, and if you take those dollars away, it will hurt our rural communities.

Until now, you could find me on a tractor working in a field, or in my pickup, driving from field to field checking my crops and my irrigation wells. My tools were pliers and a grease gun. Now you can find me behind a desk at my local bank, with a pen and calculator, hoping to help my neighbors patch together a combination of financing, insurance and farm programs to help them survive another year.

When you work on a broken down combine, you have to decide if it just needs some adjustments, or a complete overhaul. If you know what you're doing and understand what the problem is, you can probably fix it with a few adjustments and a couple of new parts. I think that is the case with our farm programs and crop insurance. That's why I appreciate the opportunity to give testimony at this subcommittee hearing. I hope I've helped you understand what's broke. I hope we can come up with some adjustments and a few new parts to fix it.